

DEPARTMENT OF FOOD AND AGRICULTURE

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A.G. Kawamura, Secretary



January 9, 2004

RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASS 1 MARKET MILK

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Class 1 market milk for February 2004. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for all Class 1 purposes as specified on the reverse side of this page. Component and hundredweight prices include Milk Producers Security Trust Fund charges effective June 1, 2002.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

This price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK. You can also access this information over the Internet on the Department's Homepage. The address is <http://www.cdfa.ca.gov/dairy>. From the Homepage, select the [Dairy Prices] link and then the [Minimum Class Price Letters] link. Once there, be sure to make a bookmark for future reference.

For more information, please contact us at the phone numbers or e-mail address above.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch

MINIMUM PRICES FOR CLASS 1 MARKET MILK F.O.B. PROCESSING PLANT

Released: January 9, 2004

CLASS 1: For February 2004	LB. FAT	LB. SNF	LB. FLUID	EQUIVALENT PER CWT.
Northern California	\$1.5003	\$0.7303	\$0.0198	\$13.34
Southern California	\$1.5003	\$0.7303	\$0.0229	\$13.62
Statewide Average CWT Price:				
Based Upon Production				\$13.39
Based Upon Utilization				\$13.47

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (Dec. 26th to Jan. 9th)	\$1.3455
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (Dec. 26th to Jan. 9th)	\$1.3025
California Extra Grade & Grade A Nonfat Dry Milk - (For Weeks Ending Dec. 26th and Jan. 2nd)	\$0.8033

COMMODITY REFERENCE PRICE FOR FEBRUARY CLASS 1 PRICING: \$13.1008

Component and hundredweight prices include Milk Producer Security Trust Fund charges effective June 1, 2002.

March Class 1 price will be announced no later than 4:00 p.m. on February 10, 2004.
February & March Class 2 and 3 prices and January Class 4a and 4b price will be announced no later than 4:00 p.m. on February 2, 2004.